

**Report on Disproportionate Share Hospital Verifications
(With Independent Accountant's Report Thereon)**

**State of Nevada
Department of Health and Human Services
Division of Health Care Financing and Policy
1100 East William Street, Suite 101
Carson City, Nevada 89701**

DSH Year Ended June 30, 2012

Prepared by:



**MYERS AND
STAUFFER_{LC}**
CERTIFIED PUBLIC ACCOUNTANTS

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**Independent Accountant's Report
and
Report on DSH Verifications**



**MYERS AND
STAUFFER_{LC}**
CERTIFIED PUBLIC ACCOUNTANTS

Division of Health Care Financing and Policy
Department of Health and Human Services
1100 East William Street, Suite 101
Carson City, Nevada 89701

Independent Accountant's Report

We have examined the state of Nevada's compliance with Disproportionate Share Hospitals (DSH) payment requirements listed in the Report on DSH Verifications as required by 42 CFR §455.301 and §455.304(d) for the year ending June 30, 2012. The state of Nevada is responsible for compliance with federal Medicaid DSH program requirements. Our responsibility is to express an opinion on the state of Nevada's compliance with federal Medicaid DSH program requirements based on our examination.

Except as discussed in the Schedule of Data Caveats Relating to the DSH Verifications, we conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants, and General DSH Audit and Reporting Protocol as required by 42 CFR §455.301 and §455.304(d). Based on these standards, our examination included examining, on a test basis, evidence about the state of Nevada's compliance with those requirements and performing such other procedures we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the state of Nevada's compliance with federal Medicaid DSH requirements.

Our examination was conducted for the purpose of forming an opinion on the state of Nevada's compliance with federal Medicaid DSH program requirements included in the Report on DSH Verifications. The Schedule of Annual Reporting Requirements provided in accordance with 42 CFR §447.299 is presented for purposes of additional analysis and is not a required part of the Report on DSH Verifications. Such information has not been subjected to the procedures applied in the examination of the Report on DSH Verifications, and, accordingly, we express no opinion on it.

In our opinion, except for the effect of the items addressed in the Schedule of Data Caveats Relating to the DSH Verifications, the Report on DSH Verifications presents fairly the state of Nevada's compliance with federal Medicaid DSH program requirements addressed by the DSH verifications for the year ending June 30, 2012.

Myers and Stauffer LC
Glen Allen, Virginia
September 8, 2015

State of Nevada Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended June 30, 2012

As required by 42 CFR §455.304(d) the state of Nevada must provide an annual independent certified examination report verifying the following items with respect to its disproportionate share hospital (DSH) program.

Verification 1: Each hospital that qualifies for a DSH payment in the State was allowed to retain that payment so that the payment is available to offset its uncompensated care costs for furnishing inpatient hospital and outpatient hospital services during the Medicaid State plan rate year to Medicaid eligible individuals and individuals with no source of third party coverage for the services in order to reflect the total amount of claimed DSH expenditures.

Findings: The results of testing performed related to this verification are summarized in the Report on DSH Verifications (table) included with this report.

Verification 2: The DSH payments made in the Medicaid State plan rate year must be measured against the actual uncompensated care cost in that same Medicaid State plan rate year. The actual uncompensated care costs for the Medicaid State plan rate year have been calculated and compared to the DSH payments made. Uncompensated care costs for the Medicaid State plan rate year were calculated in accordance with Federal Register/Vol. 73, No. 245, December 19, 2008 and Federal Register/Vol. 79, No. 232, December 3, 2014.

Findings: The results of testing performed related to this verification are summarized in the Report on DSH Verifications (table) included with this report.

Verification 3: Only uncompensated care costs of furnishing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no third party coverage for the inpatient and outpatient hospital services they received as described in Section 1923(g)(1)(A) of the Act are eligible for inclusion in the calculation of the hospital-specific disproportionate share limit payment limit, as described in Section 1923 (g)(1)(A) of the Act.

Findings: The total uncompensated care costs reflected in the Report on DSH Verifications (table) reflects the uncompensated care costs of furnishing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no third party coverage for the inpatient and outpatient hospital services received.

State of Nevada Disproportionate Share Hospital (DSH)
Report on DSH Verifications
For the Year Ended June 30, 2012

Verification 4: For purposes of this hospital-specific limit calculation, any Medicaid payments (including regular Medicaid fee-for-service rate payments, supplemental/enhanced Medicaid payments, and Medicaid managed care organization payments) made to a disproportionate share hospital for furnishing inpatient hospital and outpatient hospital services to Medicaid eligible individuals, which are in excess of the Medicaid incurred costs of such services, are applied against the uncompensated care costs of furnishing inpatient hospital and outpatient hospital services to individuals with no source of third party coverage for such services.

Findings: In calculating the hospital-specific DSH limit represented in the Report on DSH Verifications (table), if a hospital had total Medicaid payments in excess of the calculated Medicaid cost, the excess was used to reduce the total uncompensated care costs.

Verification 5: Any information and records of all of its inpatient and outpatient hospital service costs under the Medicaid program; claimed expenditures under the Medicaid program; uninsured inpatient and outpatient hospital service costs in determining payment adjustments under this Section; and any payments made on behalf of the uninsured from payment adjustments under this Section have been separately documented and retained by the State.

Findings: The state of Nevada has retained documentation of costs and payments associated with calculating the hospital-specific DSH limits contained in this report. The state retains cost data through the collection of cost reports; Medicaid expenditure data through the MMIS and other documentation; and uninsured data through the DSH payment calculations and DSH examination.

Verification 6: The information specified in verification 5 above includes a description of the methodology for calculating each hospital's payment limit under Section 1923(g)(1) of the Act. Included in the description of the methodology, the audit report must specify how the State defines incurred inpatient hospital and outpatient hospital costs for furnishing inpatient hospital and outpatient hospital services to Medicaid eligible individuals and individuals with no source of third party coverage for the inpatient hospital and outpatient services they received.

Findings: The documentation retained related to the calculation of the hospital-specific DSH limits contained in this report includes a description of the methodology used to calculate each hospital's DSH limit under Section 1923(g)(1) of the Act. For DSH payment purposes, the state defines the hospitals' payment limits in accordance with its state plan. For purposes of this examination, the state defines the hospitals' payment limits in accordance with 42 CFR §455.304.

State of Nevada
Report on DSH Verifications (table)
For the Medicaid State Plan Rate Year Ended June 30, 2012

Hospital	Verification #1	Verification #2			Verification #3	Verification #4	Verification #5	Verification #6
	Was Hospital Allowed to Retain DSH Payment?	DSH Payment for Medicaid State Plan Rate Year (In-State and Out-of-State)	Total Uncompensated Care Costs for Medicaid State Plan Rate Year	DSH Payment Under or <Over> Total Uncompensated Care Costs (UCC)	Were only I/P and O/P Hospital Costs to Medicaid eligible and Uninsured Included in UCC?	If Medicaid Payments were in excess of Medicaid cost was the Total UCC reduced by this amount?	Have all claimed expenditures and payments for Medicaid and Uninsured been documented and retained?	Does the retained documentation include a description of the methodology used to calculate the UCC?
University Medical Center	Yes	75,242,615	116,706,543	41,463,928	Yes	Yes	Yes	Yes
Boulder City Hospital	Yes	10,000	1,517,042	1,507,042	Yes	Yes	Yes	Yes
Centennial Hills Medical Center	Yes	19,948	9,397,549	9,377,601	Yes	Yes	Yes	Yes
Mesa View Hospital	Yes	10,000	1,868,757	1,858,757	Yes	Yes	Yes	Yes
Mountain View Hospital	Yes	10,000	19,506,046	19,496,046	Yes	Yes	Yes	Yes
North Vista Hospital	Yes	211,777	10,049,624	9,837,847	Yes	Yes	Yes	Yes
Southern Hills Hospital	Yes	9,978	9,890,681	9,880,703	Yes	Yes	Yes	Yes
Spring Valley Medical Center	Yes	10,000	10,122,802	10,112,802	Yes	Yes	Yes	Yes
St Rose De Lima	Yes	285,310	20,039,730	19,754,420	Yes	Yes	Yes	Yes
St. Rose San Martin	Yes	22,853	14,961,517	14,938,664	Yes	Yes	Yes	Yes
St Rose Siena Campus	Yes	10,000	20,884,394	20,874,394	Yes	Yes	Yes	Yes
Summerlin Hospital	Yes	10,000	8,988,375	8,978,375	Yes	Yes	Yes	Yes
Sunrise Hospital	Yes	780,984	66,784,416	66,003,432	Yes	Yes	Yes	Yes
Valley Hospital Medical Center	Yes	47,835	26,367,110	26,319,275	Yes	Yes	Yes	Yes
Renown Regional Medical Center	Yes	5,038,684	53,012,328	47,973,644	Yes	Yes	Yes	Yes
Humboldt General Hospital	Yes	599,664	(905,421)	(599,664)	Yes	Yes	Yes	Yes
Mt Grant General Hospital	Yes	124,654	379,704	255,050	Yes	Yes	Yes	Yes
South Lyon Health Center	Yes	176,767	303,212	126,445	Yes	Yes	Yes	Yes
William Bee Ririe Hospital	Yes	237,598	836,596	598,998	Yes	Yes	Yes	Yes
Banner Churchill Hospital	Yes	2,022,840	4,686,018	2,663,178	Yes	Yes	Yes	Yes
Carson Tahoe Regional	Yes	447,346	15,334,623	14,887,277	Yes	Yes	Yes	Yes
Desert View Regional	Yes	165,740	2,634,471	2,468,731	Yes	Yes	Yes	Yes
Northeastern Nevada	Yes	52,757	3,884,112	3,831,355	Yes	Yes	Yes	Yes

State of Nevada Disproportionate Share Hospital (DSH)
Schedule of Data Caveats Relating to the DSH Verifications
For the Year Ended June 30, 2012

During the course of the engagement, the following data issues or other caveats were identified and are being reported in accordance with the requirements of 42 CFR 455.301.

(1) Uninsured Patient Payments

One hospital, Banner Churchill Hospital, reported self-pay payments on an accrual bases rather than a cash basis.

(2) Cost Calculations

Six hospitals were unable to provide a method for mapping uninsured days and charges to cost centers for proper application of cost center specific per diems and cost to charge ratios. Uninsured days were allocated to cost centers using provider reported days if possible, otherwise they were allocated to cost centers using cost report values. Uninsured charges were allocated to cost centers using cost report values. These hospitals were Boulder City Hospital, Centennial Hills Medical Center, Spring Valley Medical Center, Summerlin Hospital, Valley Hospital Medical Center and William Bee Ririe Hospital.

Four of these hospitals were also unable to provide a method for mapping the days and charges for their Medicaid managed care and out-of-state Medicaid data. These days and charges were allocated to cost centers using cost report values. These hospitals were Centennial Hills Medical Center, Spring Valley Medical Center, Summerlin Hospital and Valley Hospital Medical.

(3) Uncompensated Care Cost Components

Three hospitals were unable to provide data for the other Medicaid eligible cost component, patients with commercial insurance primary and Medicaid secondary. Had this data been included it may have reduced the uncompensated care cost for these hospitals. These hospitals were Desert View Regional, Renown Regional Medical Center and South Lyon Health Center. One of these hospitals, Desert View Regional, was also unable to provide data for the out-of-state Medicaid cost component.

Schedule of Annual Reporting Requirements

State of Nevada
Schedule of Annual Reporting Requirements
For the Medicaid State Plan Rate Year Ended June 30, 2012

Definition of Uncompensated Care: The definition of uncompensated care was based on guidance published by CMS in the 73 Fed. Reg. 77904 dated December 19, 2008 and the 79 Fed. Reg. 71679 dated December 3, 2014. The calculated uncompensated care costs (UCC) represent the net uncompensated costs of providing inpatient and outpatient hospital services to Medicaid eligible individuals and individuals with no source of third party coverage for the inpatient and outpatient hospital services received. The UCC for these patient groups was calculated using Medicare cost reporting methods, and utilized the Medicare cost report, Medicaid Paid Claims Summaries, and Hospital-Provided Data. Total uncompensated care costs represents the net uncompensated care costs of providing inpatient and outpatient hospital services to patients that fall into one of the following Medicaid in-State and out-of-State payment categories: Fee-for-Service Medicaid primary, Fee-for-Service Crossovers, Managed Care Medicaid primary, Managed Care Medicaid Crossover, and Uninsured individuals with no source of third party coverage for the inpatient and outpatient hospital services received. The cost of services for each of these payment categories was calculated using the appropriate per diem or cost-to-charge ratios from each hospital's Medicare Cost Report. These costs were then reduced by the total payments received for the services provided, including any supplemental Medicaid payments and Section 1011 payments where applicable.

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U
Hospital Name	State Estimated Hospital-Specific DSH Limit	Medicaid I/P Utilization Rate	Low-Income Utilization Rate	State-Defined Eligibility Statistic	Regular IP/OP Medicaid FFS Rate Payments	IP/OP Medicaid MCO Payments	Supplemental / Enhanced IP/OP Medicaid Payments	Total Medicaid IP/OP Medicaid Payments (F+G+H)	Total Cost of Care - Medicaid IP/OP Services	Total Medicaid Uncompensated Care Costs (I-J)	Total IP/OP Indigent Care/Self-Pay Revenues	Total Applicable Section 1011 Payments	Total IP/OP Uninsured Cost of Care	Total Uninsured Uncompensated Care Costs (N-M-L)	Total Eligible Uncompensated Care Costs (K-O)	Total In-State DSH Payments Received	Total Out-of-State DSH Payments Received	Medicaid Provider Number	Medicare Provider Number	Total Hospital Cost
University Medical Center	153,558,261	43.67%	33.62%	Note 1	73,820,645	11,551,179	85,022,176	170,394,000	161,049,886	(9,344,114)	5,134,206	0	131,184,863	126,050,657	116,706,543	75,242,615	0	1548393127	290007	508,464,709
Boulder City Hospital	1,009,459	10.15%	2.90%	Note 2	1,153,422	39,115	0	1,192,537	1,605,168	412,631	18,100	0	1,122,511	1,104,411	1,517,042	10,000	0	1881739613	291309	10,900,004
Centennial Hills Medical Center	13,013,733	18.58%	8.13%	Note 2	8,293,438	2,531,186	70,775	10,895,399	16,346,824	5,451,425	1,094,919	0	5,041,043	3,946,124	9,397,549	19,948	0	1487771812	290054	113,129,097
Mesa View Hospital	2,394,622	17.66%	7.79%	Note 2	1,843,950	7,313	0	1,851,263	2,620,757	769,494	23,102	0	1,122,365	1,099,263	1,868,757	10,000	0	1275588782	291307	21,148,945
Mountain View Hospital	16,900,252	22.75%	7.43%	Note 2	26,534,362	4,503,686	91,973	31,130,021	39,044,779	7,914,758	1,214,366	0	12,805,654	11,591,288	19,506,046	10,000	0	1124090659	290039	203,394,183
North Vista Hospital	16,949,754	38.78%	8.61%	Note 2	22,732,614	1,353,834	91,142	24,177,590	28,571,056	4,393,466	988,532	0	6,644,690	5,656,158	10,049,624	211,777	0	1720037799	290005	81,366,818
Southern Hills Hospital	8,795,875	20.80%	5.24%	Note 2	8,046,849	1,861,585	47,842	9,956,276	14,829,509	4,873,233	612,631	0	5,630,079	5,017,448	9,890,681	9,978	0	1457306359	290047	93,422,616
Spring Valley Medical Center	13,394,661	20.27%	9.74%	Note 2	17,056,236	5,002,319	72,884	22,131,439	26,526,565	4,395,126	2,759,457	0	8,487,133	5,727,676	10,122,802	10,000	0	1346230323	290046	160,693,274
St Rose De Lima	19,239,428	14.75%	6.10%	Note 2	9,920,505	845,922	103,210	10,869,637	18,265,510	7,395,873	520,097	0	13,163,954	12,643,857	20,039,730	285,310	0	1447393152	290012	115,329,020
St. Rose San Martin	12,660,547	15.98%	3.69%	Note 2	9,395,495	706,534	68,816	10,170,845	16,168,884	5,998,039	733,118	0	9,696,596	8,963,478	14,961,517	22,853	0	1528101284	290053	152,801,430
St Rose Siena Campus	12,536,869	26.16%	4.98%	Note 2	31,492,258	4,792,746	68,213	36,353,217	43,695,252	7,342,035	2,079,429	0	15,621,788	13,542,359	20,884,394	10,000	0	1770626426	290045	282,686,819
Summerlin Hospital	16,486,288	16.08%	7.80%	Note 2	19,678,869	6,389,647	89,719	26,158,235	31,428,609	5,270,374	1,263,271	0	4,981,272	3,718,001	8,988,375	10,000	0	1831189638	290041	229,863,754
Sunrise Hospital	66,931,438	35.53%	16.06%	Note 2	71,406,038	35,190,422	360,204	106,956,664	130,660,090	23,703,426	4,409,982	0	47,490,972	43,080,990	66,784,416	780,984	0	1861439952	290003	436,002,307
Valley Hospital Medical Center	27,602,237	34.44%	13.74%	Note 2	37,228,773	7,349,615	150,042	44,728,430	60,597,900	15,869,470	952,889	0	11,450,529	10,497,640	26,367,110	47,835	0	1417947490	290021	213,750,438
Renown Regional Medical Center	64,693,441	23.51%	8.21%	Note 4	40,154,800	7,635,813	324,830	48,115,443	66,422,434	18,306,991	3,346,471	0	38,051,808	34,705,337	53,012,328	5,038,684	0	1124090421	290001	398,983,441
Humboldt General Hospital	1,714,857	17.37%	5.87%	Note 1	1,999,621	2,102	1,149,460	3,151,183	2,621,842	(889,341)	258,781	0	242,701	(16,080)	(905,421)	599,664	0	1750498010	291308	17,178,173
Mt Grant General Hospital	417,440	9.44%	10.01%	Note 1	489,451	307	194,109	683,867	597,023	(86,844)	86,303	0	552,851	466,548	379,704	124,654	0	1801844527	291300	5,297,037
South Lyon Health Center	459,840	9.32%	7.69%	Note 1	308,738	102	141,602	450,442	493,654	43,212	129,989	0	389,989	260,000	303,212	176,767	0	1407815194	290002	6,281,729
William Bee ririe Hospital	1,219,048	14.42%	9.51%	Note 1	1,849,752	0	996,295	2,846,047	2,369,160	(476,887)	273,807	0	1,587,290	1,313,483	836,596	237,598	0	1487648804	291302	25,052,906
Banner Churchill Hospital	6,234,247	21.91%	10.35%	Note 3	4,336,487	6,291	0	4,342,778	6,046,164	1,703,386	197,692	0	3,180,324	2,982,632	4,686,018	2,022,840	0	1023113115	290006	32,874,576
Carson Tahoe Regional	12,683,826	17.10%	8.65%	Note 3	13,515,384	40,867	0	13,556,251	20,112,965	6,556,714	1,763,828	0	10,541,737	8,777,909	15,334,623	447,346	0	1255360160	290019	158,688,823
Desert View Regional	2,226,206	9.36%	6.65%	Note 3	1,933,200	3,349	0	1,936,549	2,602,651	666,102	163,173	0	2,131,542	1,968,369	2,634,471	165,740	0	1073530168	291311	18,889,945
Northeastern Nevada	4,098,201	15.83%	2.51%	Note 3	3,221,354	6,603	22,829	3,249,986	5,291,560	2,041,574	1,067,991	490	2,911,019	1,842,538	3,804,112	52,757	0	1770674350	290008	37,662,687

Institute for Mental Disease
NONE

Out-of-State DSH Hospitals
NONE

Note 1: Public Hospital with a Medicaid Inpatient Utilization Rate (MIUR) of at least one percent.
Note 2: Private Hospital in a county with a public hospital that has a MIUR above the State average.
Note 3: Private Hospital that has the highest number of Medicaid days in a county with no public hospital.
Note 4: MIUR is at least one standard deviation above the mean for hospitals receiving Medicaid payment in the State.

Independence Declaration



**MYERS AND
STAUFFER^{LC}**
CERTIFIED PUBLIC ACCOUNTANTS

September 8, 2015

Ms. Bonnie Long, CFO
Division of Health Care Financing and Policy
State of Nevada
1100 East William Street, Suite 101
Carson City, Nevada 89701

Dear Ms. Long,

We are submitting this letter in connection with our Independent Accountant's Report submitted to the Nevada Division of Health Care Financing and Policy on the Disproportionate Share Hospital (DSH) Program for Medicaid State Plan Rate (MSP) Year 2012. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA).

CMS indicated in the discussion accompanying the Disproportionate Share Hospital Payments Final Rule (Rule) that an independent auditor must operate independently from the Medicaid agency and the subject hospitals. Furthermore, CMS has issued guidance that the DSH auditor must submit a signed statement declaring independence of the respective Medicaid agency and hospitals for MSP years 2007 and later. This statement is to be included with the audit report submitted to CMS on an annual basis. In order for you to comply with this CMS guidance, we are furnishing you this letter to accompany the report that you will be submitting to CMS.

Myers and Stauffer LC is independent of the Nevada Division of Health Care Financing and Policy and the Nevada DSH hospitals. In addition, I, Mark Hilton, acting as the engagement member-in-charge of the engagement to perform procedures on the Nevada DSH program under the Rule, am independent of the Nevada Division of Health Care Financing and Policy and the DSH hospitals.

Sincerely,

Myers and Stauffer LC

A handwritten signature in black ink that reads "Mark K. Hilton".

Mark K. Hilton, CPA

Member